

DOCUMENT RESUME

ED 121 171

HE 007 592

TITLE Public Aid to Private And Proprietary Institutions.
INSTITUTION American Association of State Colleges and Universities, Washington, D.C.
PUB DATE Nov 75
NOTE 5p.; This policy statement was adopted at the Annual Meeting of the American Association of State Colleges and Universities (15th, Boston, Massachusetts, November 1975)
EDRS PRICE MF-\$0.83 HC-\$1.67 Plus Postage
DESCRIPTORS *Federal Aid; Guidelines; *Higher Education; Policy; *Private Colleges; *Proprietary Schools; *State Aid

ABSTRACT

Today private institutions of higher education are included in practically every federal program which aids higher educational institutions and students. At the state level, over 40 states have some form of aid to the private sector. Some now ask for much more massive assistance to private colleges, on both the federal and state levels. The principle arguments for very large-scale aid to the private sector along (or disproportionately) have been unique financial distress and the need to provide "choice as well as access" in higher education. This nationwide campaign for massive aid to the private sector alone, combined with growing financial pressures at public colleges and rising public tuition, leads to consideration of: (1) the possible loss of higher educational opportunities, (2) the financial crisis, and (3) the questionable distress in the private sector. (Author/KE)

* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *

Handwritten signature

ED121171

Public Aid to Private And Proprietary Institutions

AE 007592

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY.

The following policy statement was adopted by the AASCU membership during its 15th Annual Meeting, November, 1975, Boston, Massachusetts.

Introduction

Today private institutions of higher education are included in practically every federal program which aids higher educational institutions and students. In some programs—for example, the college-based student aid programs—aid goes to the private sector to an extent which is disproportionate in terms of their percentage of total enrollment. Students at many proprietary or profit-making institutions also are included in student aid programs, the G.I. Bill, and some other programs.

At the state level, over 40 states have some form of aid to the private sector. Student aid (sometimes limited to private colleges) is most common, but an increasing number of states also have institutional aid, on a per-student or per-degree-awarded basis. Some now have "tuition offset" or "tuition equalization" programs which are intended to reduce tuition to make it possible for more students to attend private colleges. Eleven states include proprietary school students in their state student aid programs.

Some spokesmen now ask for much more massive assistance to private colleges, on both the federal and state levels. Much recent attention has focused on proposals by the Carnegie Council on Policy Studies in Higher Education, and the National Council of Independent Colleges and Universities (NCICU). These two groups have called for tuition offset programs which would run to hundreds of millions or billions of dollars a year for aid to the private sector *only*, from both the federal and the state governments. Many state organizations of private colleges are campaigning for similar benefits in their states.

The principal arguments for very large-scale aid to the private sector alone (or disproportionately) have been, first, *unique* financial distress, and second, the need to provide "choice as well as access" in higher education. The second argument holds that it is the responsibility of the state not only to provide access or opportunity through low-tuition colleges to those who otherwise could not afford to go at all, but to provide funds to enable those already able to go to college to afford a more expensive education.

This nationwide campaign for massive aid to the private sector alone, combined with growing financial pressures at public colleges and rising public tuition, leads AASCU to believe that a response is in order. It is offered to help develop those federal and state policies which are in the best interest of college students and the nation as a whole.

Some Policy Considerations

1. Relatively little national or state attention is being paid to the decline in access—the loss of higher educational opportunity for many Americans.

A decline in access to higher education may be the result of restrictive admissions standards, lack of space in various institutions or programs, or a lack of funds for potential stu-

dents to attend college. At present, while space is available at many colleges, the steeply rising costs to the student, including increases in tuition and fees, represent a major barrier to higher education for many young people.

Few federal and state policymakers seem to be aware that the percentage of high school graduates continuing their education at *any* postsecondary institution has declined very sharply since 1969. Even on campuses and in states where total enrollments may be increasing, enrollments as a percentage of eligible high school graduates are declining in many cases.

Further, in terms of constant dollar income groups, the largest declines occur among students from middle-income and working class families earning less than \$15,000. Enrollment of students from other families has declined less precipitantly.

Some lower-income families may be able to send their children to college because of increased student aid, although many cannot. But families from working-class and middle-income families have not been eligible for much student aid, and at the same time have faced steeply rising costs at both public and private colleges.

Further, the greatest decline in enrollments, or the lowest rates of growth, have come in many cases in those states and at those institutions where tuition and other costs have risen the most, proportionately.

Those who talk of using scarce public dollars—federal or state—for “choice as well as access” should be made aware that not even access is being provided for now. Rising public college costs—often \$2,200 to \$3,000 a year at residential colleges—are beyond the reach of the average American family with a median income of about \$13,000, and often two or three children of college age at the same time.

Because there has been so much talk about “available student aid,” some state political leaders appear to believe that tuition and other charges can be raised indefinitely without pricing students out of college.

Studies are needed in every state to demonstrate the decline in enrollment among recent high school graduates and others who wish to continue their education, and to determine the reasons for this decline—especially the economic reasons. Public colleges and state higher education agencies should take the lead in making such studies.

2. The public sector is also facing severe financial distress.

The recent attention given to private college problems has tended to obscure the major financial pressures on public colleges. Today, the states as well as the federal government face the multiple problems of inflation, recession, and demands for other public services, all of which limit funds available for public higher education.

A recent AASCU survey has shown that appropriations in most states will fall short of the expected inflation rate, resulting in a sharp reduction in real dollar support per student in public higher education. This means less services to students: larger classes, larger student-teacher ratios, in some cases faculty and other staff reductions, and other reductions

in essential college services which seriously affect the quality of education.

At the same time, inadequate appropriations in many states mean constantly rising tuition and student charges at many public colleges—which means less access to college for working-class and middle-income students as well as the poor and disadvantaged.

3. Available evidence does not support "unique distress" in the private sector.

Neither the Carnegie report nor the NCICU recommendations provide hard evidence for *unique* distress in the private sector. The best evidence is that both sectors are in difficulty for similar reasons.

Some of the arguments advanced to show private college distress do not appear to be justified. For example, some spokesmen talk about private college closings in recent years, but do not mention the fact that more private colleges have opened than closed in this period. *From 1969 to 1974, the number of private four-year colleges in the United States increased from 1,219 to 1,335 - a net increase of 116 colleges.*

Some spokesmen talk of a decline in the private college percentage of total enrollments, but ignore the increase in the actual number of students attending private colleges. *Enrollments at private four-year colleges increased from 1,953,260 in 1969 to 2,153,533 in 1974, or 10.3 percent.*

The emphasis on the declining percentage of students also slights the fact that many of the "new students" who have come to higher education in the past 15 years would have been unlikely to attend private colleges in any case. Many are considerably older, attend part-time while working, and are enrolled in short-term and vocational courses.

Some spokesmen talk of reduced support for educational programs in private institutions, yet evidence does not support unique distress here either. Evidence based on student-teacher ratios, and other evidence, supports the view that private four-year colleges on the average spend considerably more per student than public four-year colleges.

The Proprietary Sector

Many of the same comments also apply to federal or state aid to students attending proprietary institutions. However, there may be additional serious problems relating to accountability and adequate oversight of the use of public funds at these institutions.

Conclusions and Recommendations

- 1. No federal or state aid program to the private or proprietary sector should be at the expense of public college students, either in terms of reduced appropriations for the public sector or increased tuition and student charges at public colleges. "Choice" should never be at the expense of access to higher education.**
- 2. Access to higher education is declining. The percentage of high school graduates going on to college has been de-**

clining for years, especially for middle-income and working-class families. Federal and state policy-makers need to give much more attention to this loss of educational opportunity. Studies are needed in each state by state agencies and institutions of higher education to determine the reasons for this decline, and to recommend appropriate action.

3. There is no evidence of special or unique private college distress which supports massive taxpayer support for the private sector *only*. Available evidence shows that private colleges are doing relatively well in terms of a net increase in the number of private colleges, an increase in enrollment, and a very large increase in constant dollars per student spent in the private sector, as compared to the public sector. Both sectors, however, are in difficulty, and both need assistance.

4. State policy-makers need to be made more aware of the public service functions which public colleges provide for the whole community, region, or state. They often provide services for private college students, cooperatively with the private sector. Such cooperative activities should be extended, with adequate financial support.

5. Federal aid, both student aid and institutional aid, should continue to go to both private and public colleges on an equitable basis.

6. Public colleges and state agencies should monitor proposals and programs for private college and proprietary school aid on a continuing basis, in terms of their impact on public college appropriations and tuition, and access for public college students. They also should monitor federal and state accreditation and approval procedures.

7. Private colleges and proprietary schools traditionally have emphasized the diversity and pluralism which their independent status makes possible. They should be clearly aware that acceptance of public funds will lead to increased regulation and control by state governments as well as the federal government.

8. Private colleges or proprietary schools receiving state aid either in the form of student aid or institutional aid should be subject to the guidelines for accountability to state governments adopted by AASCU on November 13, 1975. (See following appendix.) These guidelines include state audits of *all* uses of public funds by such institutions or their students.

Appendix

Guidelines for Financing of Private Colleges and Universities from State Funds.*

1. States should refrain from engaging in the funding of private colleges and universities in such a way as to undermine the dual system of higher education which has enabled the private sector to maintain its freedom from state regulations and controls, thus exercising positive influence for all higher education in its service to society.

*Adopted by the AASCU membership, November 13, 1975.

2. Any state appropriations to assist students attending private colleges and universities should be made to a special office or agency which is publicly accountable and subject to state audit. Allocations of such appropriations should be based on student financial need.
3. Private colleges and universities receiving and dispersing funds from the state should be subject to the same fiscal accountability as state-supported institutions.
4. Private colleges and universities receiving state funds, either directly or indirectly, should be subject to a state audit of such operational and budgetary factors as salary levels, fringe benefits, space utilization, and faculty-student ratios.
5. Any institution receiving state funds either directly or indirectly should operate in conformity with state and federal laws governing discrimination on the basis of race, religion, sex, or national origin.

